

QUARTERLY REPORT

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

For The Quarter Ended December 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

DECEMBER 31, 2002 AND 2001*

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents.	\$ 11,528	\$ 11,715
2	Short-term investments.	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2002, \$ 607; 2001, \$ 936). NOTE 2	1,663	2,469
4	Inventories.	1,260	2,304
5	Prepaid expenses and other current assets.	1,049	978
6	Total current assets.	15,500	17,466
7	Investments, Advances, and Receivables. NOTES 1 and 3	6,049	5,329
8	Property and Equipment - Gross. NOTES 1 and 4	88,512	72,933
9	Less: Accumulated Depreciation/Amortization. NOTES 1 and 4	(4,882)	(1,416)
10	Property and Equipment - Net.	83,630	71,517
11	Other Assets. NOTE 5	17,601	17,603
12	Total Assets.	\$ 122,780	\$ 111,915
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable.	\$ 2,461	\$ 3,469
14	Notes payable.	-	-
	Current portion of long-term debt.		
15	Due to affiliates.	-	-
16	Other.	-	-
17	Income taxes payable and accrued.	-	-
18	Other accrued expenses. NOTE 6	12,911	12,312
19	Other current liabilities. NOTE 7	21,905	12,053
20	Total current liabilities.	37,277	27,834
	Long-Term Debt:		
21	Due to affiliates. NOTE 8	50,000	50,000
22	Other.	-	-
23	Deferred Credits.	-	-
24	Other Liabilities.	530	446
25	Commitments And Contingencies. NOTE 1	-	-
26	Total Liabilities.	87,807	78,280
27	Stockholders', Partners', Or Proprietor's Equity.	34,973	33,635
28	Total Liabilities And Equity.	\$ 122,780	\$ 111,915

* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 AND 2001*

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	2002 (c)	2001 (d)
	REVENUE:		
1	Casino	\$ 154,856	\$ 89,959
2	Rooms	11,719	7,875
3	Food and Beverage	19,057	10,564
4	Other	3,843	1,253
5	Total Revenue	189,475	109,651
6	Less: Promotional allowances	42,071	24,031
7	Net Revenue	147,404	85,620
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	107,645	62,702
9	Selling, General, and Administrative	23,688	14,888
10	Provision for Doubtful Accounts	160	404
11	Total costs and expenses	131,493	77,994
12	Gross Operating Profit	15,911	7,626
13	Depreciation and amortization NOTE 1....	3,506	1,676
	Charges from affiliates other than interest:		
14	Management fees NOTE 9....	4,998	2,875
15	Other	---	---
16	Income (Loss) from Operations	7,407	3,075
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 8....	(4,250)	(2,479)
18	Interest (expense) - external	(160)	(7)
19	Investment alternative tax and related income (expense) - net	(910)	(541)
20	Non-operating income (expense) - net NOTE 10....	175	181
21	Total other income (expenses)	(5,145)	(2,846)
22	Income (Loss) Before Income Taxes and Extraordinary Items	2,262	229
23	Provision (credit) for income taxes	924	94
24	Income (Loss) Before Extraordinary Items	1,338	135
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ 1,338	\$ 135

* Statement of Income is for the seven months ended December 31, 2001. Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

** Restated to conform to the 2002 presentation.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2002 AND 2001

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (A)	DESCRIPTION (b)	2002 (c)	2001 (d)
	REVENUE:		
1	Casino	\$ 35,470	\$ 35,809
2	Rooms	2,693	2,868
3	Food and Beverage	4,467	4,259
4	Other	1,055	489
5	Total Revenue	43,685	43,425
6	Less: Promotional allowances	9,993	9,413 *
7	Net Revenue	33,692	34,012
	COSTS AND EXPENSES:		
8	Costs of Goods and Services	25,288	26,672
9	Selling, General, and Administrative	5,807	6,026 *
10	Provision for Doubtful Accounts	(133)	248
11	Total costs and expenses	30,962	32,946
12	Gross Operating Profit	2,730	1,066
13	Depreciation and amortization NOTE 1....	988	810
	Charges from affiliates other than interest:		
14	Management fees NOTE 9....	1,156	1,136
15	Other	---	---
16	Income (Loss) from Operations	586	(880)
	Other Income (Expenses):		
17	Interest (expense) - affiliates NOTE 7....	(1,062)	(1,062)
18	Interest (expense) - external	(153)	(3)
19	Investment alternative tax and related income (expense) - net	15	(230)
20	Non-operating income (expense) - net NOTE 10....	38	98
21	Total other income (expenses)	(1,162)	(1,197)
22	Income (Loss) Before Income Taxes and Extraordinary Items	(576)	(2,077)
23	Provision (credit) for income taxes	(237)	(848)
24	Income (Loss) Before Extraordinary Items	(339)	(1,229)
25	Extraordinary items (net of income taxes)	---	---
26	Net Income (Loss)	\$ (339)	\$ (1,229)

* Restated to conform to the 2002 presentation.

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STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND DECEMBER 31, 2002

(UNAUDITED)

(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid - In Capital (g)	----- ----- ----- (h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2000	100	\$ 0			\$ 0		\$ 0	\$ 0
2	Net Income - 2001							135	135
3	Contribution to Paid - In Capital					33,500			33,500
4	Dividends								
5	Prior Period Adjustments								
6	Distribution to PPE								
7									
8									
9									
10	Balance, December 31, 2001	100	0			33,500		135	33,635
11	Net Income (Loss) - 2002							1,338	1,338
12	Contribution to Paid - In Capital								
13	Dividends								
14	Prior Period Adjustments								
15	Distribution to PPE								
16									
17									
18									
19	Balance, December 31, 2002	100	\$ 0			\$ 33,500		\$ 1,473	\$ 34,973

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 AND 2001*

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	2002 (c)	2001 (d)
1	Net Cash Provided (Used) By Operating Activities	\$ 9,912	\$ 2,237
2	Cash Flows From Investing Activities:		
3	Purchase of short-term investment securities	---	---
4	Proceeds from the sale of short-term investment securities	---	---
5	Purchase outflows for property and equipment	(15,726)	(4,880)
6	Proceeds from disposition of property and equipment	57	---
7	Purchase of casino reinvestment obligations	(1,990)	(1,135)
8	Purchase of other investments and loans/advances made	---	---
9	Proceeds from disposal of investments and collection of advances and long-term receivables	360	10
10	Cash outflows to acquire business entities	---	6,239
11	Net book values of disposals	---	---
12	Net Cash Provided (Used) By Investing Activities	(17,299)	234
13	Cash Flows From Financing Activities:		
14	Cash proceeds from issuance of short-term debt	---	---
15	Payments to settle short-term debt	---	---
16	Cash proceeds from issuance of long-term debt	---	---
17	Costs of issuing debt	---	---
18	Payments to settle long-term debt	---	---
19	Cash proceeds from issuing stock or capital contributions	---	---
20	Purchases of treasury stock	---	---
21	Payments of dividends or capital withdrawals	---	---
22	Change in payable to/receivable from affiliate	7,200	9,244
23	Net Cash Provided (Used) By Financing Activities	7,200	9,244
24	Net Increase (Decrease) In Cash And Cash Equivalents	(187)	11,715
25	Cash And Cash Equivalents At Beginning Of Period	11,715	---
26	Cash And Cash Equivalents At End Of Period	\$ 11,528	\$ 11,715

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Period For:		
27	Interest (net of amount capitalized)	\$ 4,410	\$ 2,485
28	Income taxes	\$ 924	\$ 94

* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

Page 2 of 2

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 AND 2001*

(UNAUDITED)
(\$ IN THOUSANDS)

LINE (a)	Description (b)	2002 (c)	2001 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ 1,338	\$ 135
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment	3,506	1,416
31	Amortization of other assets	---	260
32	Amortization of Debt Discount or Premium	---	---
33	Deferred Income taxes - current	---	---
34	Deferred income taxes - noncurrent	---	---
35	(Gain) loss on disposition of property and equipment	50	---
36	(Gain) loss on casino reinvestment obligations	910	541
37	(Gain) loss from other investment activities	---	---
38	Net (increase) decrease in receivables and patrons' checks	806	1,353
39	Net (increase) decrease in inventories	1,044	266
40	Net (increase) decrease in other current assets	(71)	29
41	Net (increase) decrease in other assets	2	(530)
42	Net increase (decrease) in accounts payables	(1,008)	403
43	Net increase (decrease) in other current liabilities excluding debt	3,251	(1,615)
44	Net decrease in other noncurrent liabilities excluding debt	84	(21)
45	Loss on extinguishment of debt, net of income tax benefit	---	---
46	Amortization of CRDA assets	---	---
47	Net Cash Provided (Used) By Operating Activities	\$ 9,912	\$ 2,237

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SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment	\$ (15,726)	\$ (4,880)
49	Less: Capital lease obligations incurred	---	---
50	Cash Outflows For Property And Equipment	\$ (15,726)	\$ (4,880)
	Acquisition Of Business Entities:		
51	Property and equipment acquired	\$ ---	\$ 68,053
52	Goodwill acquired	---	17,302
53	Net assets acquired other than cash, goodwill, and property and equipment	---	(8,094)
54	Long-term debt assumed	---	(50,000)
55	Issuance of stock or capital invested	---	(33,500)
56	Cash Outflows To Acquire Business Entities	\$ ---	\$ (6,239)
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions	\$ ---	\$ ---
58	Less: Issuances to settle long-term debt	---	---
59	Consideration in acquisition of business entities	---	---
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$ ---	\$ ---

* Bally's Skyscraper, Inc. began operations on June 1, 2001. See accompanying notes.

** Restated to conform to the 2002 presentation.

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	109,999	\$ 7,149		\$
2	Food	757,267	8,756		
3	Beverage	1,071,484	6,113		
4	Travel			3,530	238
5	Bus Program Cash	649,644	8,959		
6	Other Cash Complimentaries	673,119	10,602		
7	Entertainment	47,371	451	78,652	1,011
8	Retail & Non-Cash Gifts	5,215	41	116,837	2,741
9	Parking				
10	Other *			239,987	980
11	Total	3,314,099	\$ 42,071	439,006	\$ 4,970

FOR THE THREE MONTHS ENDED DECEMBER 31, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	25,465	\$ 1,597		\$
2	Food	182,057	2,028		
3	Beverage	226,646	1,365		
4	Travel			433	56
5	Bus Program Cash	146,869	2,128		
6	Other Cash Complimentaries	170,670	2,719		
7	Entertainment	12,396	141	12,264	238
8	Retail & Non-Cash Gifts	1,980	15	25,784	493
9	Parking				
10	Other *			52,814	150
11	Total	766,083	\$ 9,993	91,295	\$ 937

* No item in this category exceeds 5%.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

Bally's Skyscraper Inc. ("BSI" or the "Company"), a New Jersey Corporation, was formed to purchase the assets and assume certain liabilities (collectively, the "Net Assets") of The Claridge at Park Place, Incorporated ("CPPI") and Atlantic City Boardwalk Associates, LP ("ACBA"). BSI is a wholly-owned subsidiary of Bally's Park Place, Incorporated ("Bally's Atlantic City"), which is a wholly-owned subsidiary of Park Place Entertainment Corporation ("PPE"). BSI was formally granted a gaming license by the New Jersey Casino Control Commission (the "Commission") on May 30, 2001. Since June 1, 2001, the effective date of the Net Asset purchase, the Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as the "Claridge Casino Hotel." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

The purchase price paid by BSI for the Net Assets was \$65 million, which was funded through a note issued by Park Place Finance Corporation ("PPFC") for \$50 million, and an equity contribution from Bally's Atlantic City. The acquisition was accounted for using the purchase method of accounting. The purchase price has been allocated based on estimated fair values at the date of acquisition. The excess of the purchase price over the Net Assets has been recorded by BSI as goodwill.

On September 23, 2002, the Company and Bally's Atlantic City petitioned the Commission to allow a merger combining BSI with and into Bally's Atlantic City. A hearing on the matter was held on December 11, 2002. The petition was approved by the Commission, and a merger occurred effective January 1, 2003 for financial reporting purposes.

The accompanying financial statements reflect the results of operations from June 1, 2001. All adjustments to these financial statements have been recorded and are, in the opinion of management, necessary for a fair presentation of the balance sheet of the Company at December 31, 2002 and 2001, and its statement of income for the three and twelve months ended December 31, 2002 and the three and seven months ended December 31, 2001, and its statement of cash flows for the twelve and seven months ended December 31, 2002 and 2001, respectively. All such adjustments were of a normal recurring nature.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2002. The change in classifications had no effect on previously reported net income.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The statement of income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

In the first quarter of 2001, the Emerging Issues Task Forces ("EITF") reached a consensus on certain issues in EITF 00-22 "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

EITF 00-14 "Accounting for Certain Sales Incentives," which is effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino.

With the adoption of the new standards, the prior-year period presented has been reclassified to conform to the new presentation. This resulted in an addition to promotional allowances (and a corresponding reduction in selling, general and administrative expenses) of \$4,847 and \$3,779 for

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

the three months ended December 31, 2002 and 2001, respectively, and \$19,561 and \$10,372 for the twelve and seven months ended December 31, 2002 and 2001, respectively. The requirements of EITF 00-14 and EITF 00-22 do not have an impact on previously reported operating income or net income.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average cost method.

Property and equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$988 and \$695 for the three months ended December 31, 2002 and 2001, respectively, and \$3,506 and \$1,416 for the twelve and seven months ended December 31, 2002 and 2001, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Costs in excess of acquired assets

On June 1, 2001, BSI acquired the Net Assets of CPPI and ACBA, in a transaction which was accounted for using the purchase method of accounting.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The adoption of SFAS 142 had no effect on the Company's financial position and results of operations. Prior to the adoption of SFAS 142, the excess of the total acquisition cost and debt assumed over the fair value of net assets acquired (goodwill) had been amortized on the straight-line method over forty years.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Long-lived assets

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at December 31, 2002 and 2001.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including advertising, sales and marketing services, purchasing and other administrative and accounting departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable. In addition, the Company leases a parking lot from Caesars Atlantic City, which is used for employee parking.

Income taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the pre-tax financial statement income. The corresponding liability or receivable is credited or charged to PPE. Income tax assets and liabilities for permanent and temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by (i) investing in qualified eligible direct investments, (ii) making qualified contributions or (iii) depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have varying terms of up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Casino receivables (net of allowance for doubtful accounts – 2002, \$537; 2001, \$929)	\$ 557	\$ 620
Receivable from Sands Hotel and Casino	391	949
Receivable from multi-casino slot trusts	-	138
Other (net of allowance for doubtful accounts – 2002, \$70; 2001, \$7)	<u>715</u>	<u>762</u>
	<u>\$ 1,663</u>	<u>\$ 2,469</u>

The receivable from Sands Hotel and Casino ("Sands") resulted from the sale of the Claridge's administration building to the Sands in April 2000. A portion of the proceeds of that sale is being realized through the offset of rent payable to the Sands for the "People Mover" (a moving walkway which connects the Claridge Casino Hotel and the Sands to the Boardwalk).

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Casino Reinvestment Development Authority		
Investment obligations (less valuation reserves		
– 2002, \$4,662; 2001, \$4,026)	\$ 5,992	\$ 4,966
Long-term deposits	<u>57</u>	<u>363</u>
	<u>\$ 6,049</u>	<u>\$ 5,329</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Land	\$ 13,415	\$ 13,415
Buildings and improvements	54,222	51,519
Furniture, fixtures and equipment	15,612	7,665
Construction in progress	<u>5,263</u>	<u>334</u>
	88,512	72,933
Less accumulated depreciation and amortization	<u>(4,882)</u>	<u>(1,416)</u>
	<u>\$ 83,630</u>	<u>\$ 71,517</u>

NOTE 5 - OTHER ASSETS

Other assets as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Cost in excess of acquired assets (less		
accumulated amortization – \$260)	\$ 17,581	\$ 17,581
Other	<u>20</u>	<u>22</u>
	<u>\$ 17,601</u>	<u>\$ 17,603</u>

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Accrued payroll and benefits	\$ 9,246	\$ 9,106
Insurance claims	1,501	1,142
Other	<u>2,164</u>	<u>2,064</u>
	<u>\$12,911</u>	<u>\$12,312</u>

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Due to PPE	\$ 16,444	\$ 9,244
Due to Bally's Atlantic City	2,046	478
Due to affiliates-other	175	-
Unredeemed slot promotions liability	1,543	653
Unredeemed chip and token liability	1,634	1,499
Other	<u>63</u>	<u>179</u>
	<u>\$21,905</u>	<u>\$12,053</u>

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of December 31 consist of the following:

	<u>2002</u>	<u>2001</u>
8.5% Note payable to Park Place Finance Corporation due May 31, 2011	<u>\$50,000</u>	<u>\$50,000</u>

BALLY'S SKYSCRAPER INC., (Claridge Casino Hotel)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 9 – CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company and PPE have entered into an administrative services and management agreement. Under the agreement, PPE provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration for these services, the Company pays PPE a monthly management fee equal to three percent of revenues, as defined.

NOTE 10 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) consists primarily of interest income.

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.


Signature

Vice President/Chief Financial Officer
Title

#7438-11
License Number

On Behalf Of:
Bally's Skyscraper, Inc.
Casino Licensee

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

For The Year Ended December 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 483		
2	Returned patrons' checks	611		
3	Total patrons' checks	1,094	\$ (537)	\$ 557
4	Hotel Receivables	452	(70)	382
	Other Receivables:			
5	Receivables due from officers and employees	---		
6	Receivables due from affiliates	13		
7	Other accounts and notes receivables	711		
8	Total other receivables	724	---	724
9	Totals (Form CCC 205)	\$ 2,270	\$ (607)	\$ 1,663

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 607
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	23,345
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(17,011)
13	Checks collected through deposits	(5,516)
14	Checks transferred to returned checks	(942)
15	Other adjustments	---
16	Ending Balance	\$ 483
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 87
19	Provision As A Percent Of Counter Checks Issued	0.37%

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 31, 2003

Date

Alexis Figueroa
Signature

Vice President/Chief Financial Officer

Title of Officer

ANNUAL EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

For The Year Ended December 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2002

(\$ in thousands)

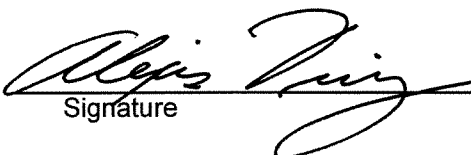
LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	4			
2	Gaming	602			
3	Slots	153			
4	Casino accounting	277			
5	Simulcasting.	0			
6	Other	0			
7	Total-casino	1,036	\$ 23,402	\$	\$ 23,402
8	ROOMS	148	3,336		3,336
9	FOOD AND BEVERAGE	489	9,328		9,328
	OTHER OPERATED DEPARTMENTS				
10	Health Club / Pool Services	8	78		78
11	Telephone room		156		156
12					
13					
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	6	2,450	766	3,216
21	Accounting and auditing	36	1,170		1,170
22	Security	163	4,907		4,907
23	Other administrative and general department	33	1,277		1,277
24	MARKETING	89	2,352		2,352
25	GUEST ENTERTAINMENT	14	646		646
26	PROPERTY OPERATION AND MAINTENANCE	198	4,858		4,858
27	TOTALS - ALL DEPARTMENTS	2,220	\$ 53,960	\$ 766	\$ 54,726

TRADING NAME OF LICENSEE: BALLY'S SKYSCRAPER, INC. (Claridge Casino Hotel)

**ANNUAL EMPLOYMENT AND PAYROLL REPORT
SIGNATURE PAGE**

FOR THE YEAR ENDED DECEMBER 31, 2002

Under penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.


Signature

March 31, 2003
Date

Vice President /Chief Financial Officer
Title

TRADING NAME OF LICENSEE Bally's SkyScraper Inc, DBA Claridge Casino

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2002

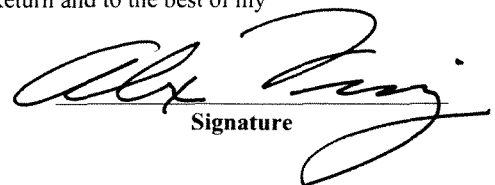
(\$ in Thousands)

Line		
	CASINO WIN:	
1.	Table and Other Games Win.....	\$ 40,396
2.	Slot Machines Win.....	119,071
3.	Total Win.....	159,467
	Less - Adjustment for Uncollectible Patrons' Checks:	
4.	Provision for Uncollectible Patrons' Checks	\$ 181
5.	Maximum Adjustment (4% of line 3)	\$ 6,379
6.	Adjustment (the lesser of line 4 or line 5)	\$ 181
7.	Gross Revenue (line 3 less line 6).....	\$ 159,286
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....	12,743
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	-
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....	12,743
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue.....	12,743
	Settlement of Prior Years' Tax on Gross Revenue	
12.	Resulting from Audit or Other Adjustments - (Deposits) Credits	-
13.	Gross Revenue Taxes Payable (the net of lines 10, 11 and 12)	\$ (0)

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

March 15, 2003

Date


Signature

Vice President / CFO
Title of Officer